

## Message Text

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61  
ORIGIN L-02

INFO OCT-01 IO-10 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09

SSO-00 NSCE-00 USIE-00 INRE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 FEA-01

OIC-02 DIWY-01 /126 R

DRAFTED BY L:SMSCHWEBEL:EMB

APPROVED BY IO/CMD:DIFORMAN

L/UNA - MR. SURENA

EB/IFD/OIA:CELLIS

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA NIACT IMMEDIATE

INFO AMEMBASSY ALGIERS

AMEMBASSY BUCHAREST

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

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E.O. 11652:N/A

TAGS: UNIDO, EINV, EAID, AG, RO

SUBJECT: UNIDO-II-G-77 AND ROMANIAN DRAFT RES ON  
ESTABLISHMENT OF INSURANCE SYSTEM FOR GUARANTEEING  
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CONTRACTS BETWEEN LDC'S AND INDUSTRIALIZED COUNTRY

ENTERPRISES

REF: LIMA 02418

1. DEPT SHARES USDEL VIEW THAT G-77 RESOLUTION CALLING FOR ESTABLISHMENT OF AN INSURANCE SYSTEM TO PROTECT LDCS IN THEIR RELATIONS WITH DC ENTERPRISES IS UNACCEPTABLE. USDEL SHOULD ENDEAVOR TO HAVE VOTE ON RESOLUTION DEFERRED TO SUBSEQUENT SESSION. IN MEANTIME, IT COULD SUPPORT A SECRETARIAT STUDY OF QUESTION OF ENHANCING RESPECT FOR CONTRACTS ENTERED INTO BETWEEN ENTERPRISES OF MORE THAN ONE COUNTRY AND BETWEEN GOVERNMENTS AND FOREIGN PRIVATE CONTRACTORS, PROVIDED THAT THAT STUDY IS ADDRESSED TO RESPECT BY ALL PARTIES OF THEIR CONTRACTUAL OBLIGATIONS, AND STUDY OF INSURANCE AGAINST BREACH OF SUCH CONTRACTS. HOWEVER, IF RESOLUTION OF SUBSTANCE TABLED, IS BROUGHT TO A VOTE, USDEL SHOULD VOTE AGAINST, AND SHOULD SEEK TO ATTRACT OTHER DCS TO JOIN IN NEGATIVE VOTE.

2. IN DISCUSSION OF DRAFT RESOLUTION, USDEL SHOULD AS APPROPRIATE MAKE THE FOLLOWING POINTS:

(A) THE SUBJECT WHICH THE RESOLUTION RAISES IS AN IMPORTANT ONE: THAT OF RESPECT FOR CONTRACTUAL OBLIGATIONS, AND COMPENSATION FOR NON COMPLIANCE.

(B) THE RESOLUTION IS DEFECTIVE IN MAKING UNSUPPORTED CHARGES, IN PEJORATIVE TERMS.

(C) USG WARMLY SUPPORTS THE PRINCIPLE AND PRACTICE OF RESPECT FOR CONTRACTUAL OBLIGATIONS AND OF PROMPT, AD-EQUATE AND EFFECTIVE COMPENSATION FOR THEIR BREACH.

(D) SUCH RESPECT MUST BE RECIPROCAL. E.G., GOVERNMENTS ARE AS MUCH BOUND BY THE OBLIGATION TO RESPECT THEIR CONTRACTS WITH FOREIGN ENTERPRISES AS ARE FOREIGN ENTERPRISES BOUND TO RESPECT THEIR CONTRACTS WITH FOREIGN GOVERNMENTS.

(E) QUESTION OF INSURANCE FOR BREACH OF CONTRACT IS A COMPLEX ONE. USG IS PREPARED TO SUPPORT A STUDY OF THAT LIMITED OFFICIAL USE

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QUESTION AS WELL AS THE THRESHOLD QUESTION OF RESPECT FOR CONTRACTUAL OBLIGATIONS, PROVIDED THAT BOTH QUESTIONS ARE TREATED ON THE BASIS THAT GOVERNMENTS ARE AS BOUND BY THEIR CONTRACTS AS ARE FOREIGN ENTERPRISES.

(F) USG IS NOT PREPARED TO SUPPORT EITHER A RESOLUTION OR A STUDY WHICH SUGGESTS, DIRECTLY OR INDIRECTLY, THAT ONLY FOREIGN ENTERPRISES ARE BOUND BY THEIR CONTRACTS.

(G) ITS VIEW TO FOREGOING EFFECT IS NATURALLY INFLUENCED  
BY THE MANY INSTANCES IN WHICH LDC GOVERNMENTS HAVE  
VIOLATED THEIR CONTRACTS WITH FOREIGN ENTERPRISES, WITH  
CONSEQUENT UNFORTUNATE EFFECTS ON INVESTMENT CLIMATE AND  
INTERNATIONAL ECONOMY. EXAMPLES ARE MANY, MOST NOTABLE  
BEING INCREASE IN OIL PRICES IN BREACH OF TEHERAN PRICING  
AGREEMENT OF 1971. KISSINGER

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, INSTRUCTIONS, INSURANCE, AGREEMENT DRAFT, RESOLUTIONS, CONTRACTS, COMMITTEE MEETINGS, INDUSTRIALIZED NATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** SMSCHWEBEL:EMB  
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**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D770109-0311, D750104-0455  
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**Office:** ORIGIN L  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 LIMA 2418, 75 LIMA 02418  
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**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2003 by KelleyW0>; APPROVED <20 MAY 2003 by MorefiRH>  
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**Status:** NATIVE  
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**TAGS:** EINV, EAID, AG, RO, US, UNIDO, GROUP OF 77  
**To:** LIMA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006